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Copyright Act - Statutory Damages - Constitutional Law - Seventh Amendment - Equitable/Legal Remedies

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Recent Decisions

COPYRIGHT ACT—STATUTORY DAMAGES—CONSTITUTIONAL LAW—SEVENTH AMENDMENT—EQUITABLE/LEGAL REMEDIES—The United States Supreme Court held that where statutory remedies are more analogous to those historically awarded in courts of law rather than courts of equity, the Seventh Amendment, and not the provisions of the Copyright Act, provides for the right to a jury trial.

Feltner v. Columbia Pictures Television, Inc., 118 S. Ct. 1279 (1998).

In 1990, Krypton International Corporation ("Krypton"), owned by C. Elvin Feltner, acquired three television subsidiaries in the southeast United States.[1] These subsidiaries had previously contracted with Columbia Pictures Television for the license to show several television series in syndication.[2] Shortly after Feltner acquired the subsidiaries, the Krypton stations defaulted on their royalty payments to Columbia, and the parties initiated talks to restructure the initial agreement.[3] In October of 1991, following unsuccessful negotiations, Columbia decided to terminate the license agreements.[4] Notwithstanding the revocation of the license, the Krypton stations continued to broadcast the syndicated pro-

1. Feltner v. Columbia Pictures Television, Inc., 118 S. Ct. 1279, 1282 (1998). Krypton International's subsidiaries are Krypton Broadcasting of Birmingham, Inc., Krypton Broadcasting of Jacksonville, Inc., and Krypton Broadcasting of Ft. Pierce, Inc. Columbia Pictures Television v. Krypton Broadcasting of Birmingham, Inc., 106 F.3d 284, 288 n.1 (9th Cir. 1997), *rev'd*, Feltner v. Columbia Pictures Television, Inc., 118 S. Ct. 1279 (1998).

2. *Feltner*, 118 S. Ct. at 1282. Among the licensed television programs were, "Who's the Boss?," "Silver Spoons," "Hart to Hart," and "T.J. Hooker." *Id.*

3. *Id.*

4. *Id.*

grams, and Columbia filed suit in the United States District Court for the Central District of California against Feltner, Krypton and its stations, various Krypton subsidiaries, and several Krypton officers.[5]

Columbia's complaint alleged multiple causes of action, but, prior to trial, Columbia dropped all but the claim for copyright infringement.[6] As part of the remaining claim, Columbia filed a motion for summary judgment and sought relief under section 504(c) of the Copyright Act of 1976 ("the Act"),[7] which provides for the right to recover statutory damages in lieu of actual damages.[8]

The district court awarded Columbia partial summary judgment as to Krypton's liability, denied Feltner's request for a jury trial, and determined the amount of statutory damages from the bench.[9] In assessing the number of violations, the trial judge ruled that each time an episode from the syndicated television series aired, it constituted a separate work, and as such, he concluded that there were, in total, 440 acts of infringement.[10] Furthermore, the judge determined that airing the shows were in willful disregard of the revoked license and set statutory damages at $20,000 per violation, amounting to $8,800,000, plus costs and attorney's fees.[11]

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5. *Id.*

6. *Id.* at n.1.

7. *Feltner*, 118 S. Ct. at 1282 (citing 17 U.S.C. § 101-1101 (1995)). In addition to the right to statutory damages, Columbia also pursued a permanent injunction under 17 U.S.C. § 502, permanent impoundment of all copies of the programs under 17 U.S.C. § 503, and costs and attorney's fees as provided in 17 U.S.C. § 505. *Id.* at 1282.

8. *Id.* Under the Copyright Act, at the election of the copyright holder, statutory damages may be awarded as an alternative to actual damages at any time prior to final judgment. Section 504(c) of the Copyright Act provides in relevant part:

> (1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, . . . in a sum of not less than $500 or more than $20,000 as the court considers just. . . .
>
> (2) In a case where the copyright owner sustains the burden of proving, and *the court* finds, that infringement was committed willfully, *the court* in its discretion may increase the award of statutory damages to a sum of not more than $100,000. In a case where the infringer sustains the burden of proving, and *the court* finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, *the court* [in] its discretion may reduce the award of statutory damages to a sum of not less than $200[.]

17 U.S.C. § 504(c) (1995) (emphasis added).

9. *Feltner*, 118 S. Ct. at 1282.

10. *Id.*

11. *Id.* at 1282-83. Under 17 U.S.C. § 504(c)(2), "where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in

Feltner appealed the trial court's decision, alleging that the court's interpretation of the statute improperly denied his constitutionally protected right to a jury trial. The Court of Appeals for the Ninth Circuit affirmed the trial court's decision and specifically rejected Feltner's argument for a jury determination of statutory damages.[12] The court denied Feltner's request as a matter of statutory interpretation,[13] and, in doing so, the court sided with several other circuits that have held that statutory damages are equitable in nature and do not fall within the Seventh Amendment's right to a jury trial.[14] Recognizing the controversy over the nature of these damages and the right to a jury trial, the United States Supreme Court granted certiorari.[15]

The Court delayed its discussion of the Seventh Amendment

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its discretion may increase the award of statutory damages to a sum or not more than $100,000[.]" 17 U.S.C. § 504(c)(2) (1995). The district court's award of costs and attorney's fees to Columbia was vacated by the Court of Appeals for the Ninth Circuit and remanded for further explanation. *Feltner*, 118 S. Ct. at 1283 n.2.

12. *Feltner*, 118 S. Ct. at 1283. In addition, the appellate court dismissed Feltner's challenges as to improper venue and lack of subject matter jurisdiction. *Columbia Pictures*, 106 F.3d at 288-90. Moreover, Feltner failed to raise any issue of material fact regarding whether Columbia validly terminated the license agreements in October of 1991. *Id.* at 291. Similarly, Feltner's argument as to Columbia's alleged lack of standing to pursue the copyright claims was not raised in the trial court and could not be considered on appeal. *Id.* at 290. Feltner also failed to present sufficient evidence to support his counterclaims for negligent misrepresentation and breach of oral contract. *Id.* at 292.

13. *Feltner*, 118 S. Ct. at 1283. The appellate court affirmed the decision of the trial court, relying on the reasoning of its decision in *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977). *Id.* The court stated that if Congress had intended a different result than that offered by the *Krofft* decision, the language of the statute would have been altered. *Feltner*, 118 S. Ct. at 1283 (citing *Columbia Pictures*, 106 F.3d at 292-93). Therefore, when the statutory language refers to "the court," the judge shall determine the amount of damages. *Id.*

14. *Id.* (citing *Columbia Pictures*, 106 F.3d at 292-93). To support its conclusion, the Ninth Circuit relied on *Cable/Home Communication Corp. v. Network Productions, Inc.*, 902 F.2d 829, 852-53 (11th Cir. 1990), *Oboler v. Goldin*, 714 F.2d 211, 213 (2nd Cir. 1983), *Twentieth Century Music Corp. v. Frith*, 645 F.2d 6, 7 (5th Cir. 1981), *Raydiola Music v. Revelation Rob, Inc.*, 729 F. Supp. 369 (D. Del. 1990), and *Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1014-16 (7th Cir.), *cert. denied*, 502 U.S. 861 (1991). *Columbia Pictures*, 106 F.3d at 293. These decisions collectively hold that when parties seek equitable damages, they have no Seventh Amendment right to a jury trial. *Id.* Despite its holding that there is no right to a jury trial in equity, the court did recognize contrary decisions in *Cass County Music Co. v. C.H.L.R., Inc.*, 88 F.3d 635 (8th Cir. 1996); *Gnossos Music v. Mitken, Inc.*, 653 F.2d 117, 119-21 (4th Cir. 1981); and *Educational Testing Services v. Katzman*, 670 F. Supp. 1237 (D.N.J. 1987). *Id.*

15. *Feltner*, 118 S. Ct. at 1283 (citing Feltner v. Columbia Pictures Television, Inc., 118 S. Ct. 30, 138 L. Ed. 2d 1059 (1997)). "Certiorari" is a common law writ, issued by a superior court (most commonly the United States Supreme Court) to a lower court, requiring the latter to certify and return the record to the superior court for review. Black's Law Dictionary 228 (6th ed. 1990).

issue and first addressed whether it would be "fairly possible" to interpret the statutory language of the present Copyright Act to provide the right to a jury trial.[16] After analyzing the Act as a whole, the majority concluded that when other provisions in the Act referencing "the court" conferred decisional authority on the judge, consistency in context would permit the judge, and not a jury, to determine statutory damages.[17] In addition, the majority could find no support in the Act's legislative history evidencing a Congressional intent to grant the right to a jury trial.[18] As a result, the majority found it necessary to address the constitutional question.[19]

In reversing the Ninth Circuit Court of Appeals, the majority reaffirmed prior decisions such as *Granfinanciera, S.A. v. Nordberg*,[20] which held that Seventh Amendment rights apply, not only to common law causes of action, but also to equitable actions granted by statutory authority.[21] The majority distinguished the case of *Tull v. United States*,[22] which deals with Congress' right to appoint judges as the evaluators of damages in purely statutorily-

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16. *Feltner*, 118 S. Ct. at 1283 (quoting Tull v. United States, 481 U.S. at 417 (1987)). The language of
§ 504(c) awards statutory damages that "*the court* considers just." *Id.* (quoting 17 U.S.C. § 504(c)) (emphasis added).

17. *Id.*, at 1283-84.

18. *Id.* at 1284 n.5.

19. *Id.* at 1284. The Seventh Amendment to the United States Constitution provides that "in Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved[.]" *Id.* (citing U.S. Const. amend. VII).

Although Alexander Hamilton opined that there was no need for a constitutional provision expressly granting a right to a jury trial and he questioned the right to a jury trial against the right of liberty, he emphasized the importance of the right to a jury in civil actions. In the Federalist No. 83, Alexander Hamilton stated in relevant part:

> The friends and adversaries of the plan of the convention, if they agree in nothing else, concur at least in the value they set upon the trial by jury; or if there is any difference between them it consists in this: the former regard it as a valuable safeguard to liberty; the latter represent it as the very palladium of free government. . . . But I must acknowledge that I cannot readily discern the inseparable connection between the existence of liberty and the trial by jury in civil cases. . . . The excellence of the trial by jury in civil cases appears to depend on circumstances foreign to the preservation of liberty. The strongest argument in its favor is that it is a security against corruption. As there is always more time and better opportunity to tamper with a standing body of magistrates than with a jury summoned for the occasion, there is room to suppose that a corrupt influence would more easily find its way to the former than to the latter.

The Federalist No. 83 (Hamilton).

20. 492 U.S. 33 (1989).

21. *Feltner*, 118 S. Ct. at 1284-85 (citing Granfinanciera, S.A. v. Nordberg, 492 U.S. 33 (1989)).

22. 481 U.S. 412 (1987).

created actions.[23] In so doing, the Court acknowledged that the jury's function as the judge of damages in actions in equity is similar to that function in copyright actions historically tried in courts of law.[24]

Writing separately in his concurrence, Justice Scalia questioned the majority's disposition of the Seventh Amendment question, believing instead that the granting of a jury trial could be "fairly possible" from the history and wording of the statute itself.[25] Justice Scalia opined that the statutory history clearly showed that current Copyright Act section 504(c) was a "direct descendant" of an 1856 copyright statute permitting "action[s] on the case or other equivalent remed[ies]."[26] In interpreting the 1856 statute, which granted a right to a jury through the language "as to the court shall appear just," Justice Scalia could see no reason why the language "as the court considers just" in the present Act should not provide the same right.[27]

The first issue addressed by the *Feltner* Court was the development of the statutory law governing damages in copyright actions.[28] Before the adoption of the Seventh Amendment, the common laws and statutes of both England and the United States provided for causes of action for copyright infringement and, when plaintiffs sought monetary damages, these suits were tried before juries in courts of law.[29] Like other suits seeking monetary damages for invasions of property rights, copyright suits were known as "actions on the case."[30]

In England, the first statutory enactment protecting copyrights came in 1710 under the Statute of Anne, which protected published books.[31] Actions brought under this statute were tried in courts of law before juries, just as were those brought under the common law.[32] In the United States, statutory provisions for copyright protection were enacted even before the adoption of the

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23. *Feltner*, 118 S. Ct. at 1285.
24. *Id.*
25. *Id.* at 1288-89 (Scalia, J., concurring) (citing *Tull*, 481 U.S. at 417 n.3).
26. *Id.* at 1289 (Scalia, J., concurring) (citing Act of July 8, 1870, ch. 230, § 101, 16 Stat. 214; Act of Jan. 6, 1897, ch. 4, 29 Stat. 482).
27. *Id.* at 1283.
28. *Feltner*, 118 S. Ct. at 1283 (citing *Tull*, 481 U.S. 412, 417 (1987)).
29. *Id.* at 1285.
30. *Id.* (citing Millar v. Taylor, 4 Burr. 2303, 2398, 98 Eng. Rep. 201, 252 (K.B. 1769)).
31. *Id.* (citing 8 Anne ch. 19 (1710)).
32. *Id.*

Constitution.[33] In 1783, the Continental Congress passed a resolution encouraging the states to secure copyright protection for authors.[34] Three state statutes that contained similar to sections of the modern Act specifically authorized an award of damages from a defined statutory range in an action at law.[35]

Congress continued development in this area when, in 1790, it passed the first federal copyright statute authorizing courts of law to award money damages for copyright infringements.[36] This statute did not change the practice of trying these types of cases before juries.[37] In fact, Congress did not provide for equity jurisdiction until a revision of the Act in 1819.[38] However, even after the enactment of the revision providing for equity jurisdiction, the Supreme Court held that the damages provision could not be enforced through suits in equity.[39]

When the Act was again amended in 1831, only the permissible minimum and maximum statutory awards changed.[40] Most of the original wording of these statutes was retained in revisions or in new statutes passed in 1856, 1870, and 1897.[41] However, in 1856

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33. *Feltner*, 118 S. Ct. 1285.

34. *Id.* (citing U.S. Copyright Office, Copyright Enactments: Laws Passed in the United States Since 1783 Relating to Copyright, Bulletin No. 3, p. 1 (rev. ed. 1963)). In response to the 1783 Continental Congress resolution, all states except Delaware enacted copyright statutes protecting the author's rights by providing a cause of action for damages without any reference to equity jurisdiction. *Id.* Three states, Connecticut, New York, and Georgia, specifically stated that recovery was to be made through actions at law. *Id.*

35. *Id.* at 1285-86 (citing Maitland, *The Forms of Action at Common Law*, 357 (1929)). Statutes in Massachusetts, New Hampshire, and Rhode Island permitted damages to be recovered by "actions of debt," which were actions at law. *Id.* at 1286 (citing U.S. Copyright Office, Copyright Enactments: Laws Passed in the United States Since 1783 Relating to Copyright, Bulletin No.3, p.1 (rev'd 1967)).

36. *Id.* (citing Act of May 31, 1790, ch. 15, §§ 2, 6, 1 Stat. 124, 125). The first federal copyright statute set damages for copyright infringement of published works in the amount of "fifty cents for every sheet which shall be found in [the infringer's] possession, . . . to be recovered by action of debt in any court of record in the United States, wherein the same is cognizable." Act of May 31, 1790, § 2. If the manuscript was unpublished, the statute allowed for "all damages occasioned by such injury, to be recovered by a special action on the case founded upon this act, in any court having cognizance thereof." Act of May 31, 1790, § 6. The court found that, although the Act of May 31, 1790 was short-lived, there is valuable evidence that damages arising under copyright infringement were meant to be tried by a jury. *Feltner*, 118 S. Ct. 1286.

37. *Id.* (citing Backus v. Gould, 7 How. 798, 802, 12 L.Ed. 919 (1849); Reed v. Carusi, 20 F. Cas. 431, No. 11, 642 (D.Md. 1845); Millett v. Snowden, 17 F. Cas. 374, 75 (S.D.N.Y. 1844); Dwight v. Appelton, 8 F. Cas. 183, 85 (C.D.N.Y. 1843)).

38. *Feltner*, 118 S. Ct. at 1286 n.6.

39. *See* Stevens v. Gladding, 15 L.Ed. 155 (1855); Callaghan v. Myers, 128 U.S. 617, 663 (1888).

40. Act of Feb. 3, 1831, ch. 16 § 11, 21st Cong., 2d Sess., 4 Stat. 438.

41. Act of July 8, 1870, ch. 230, § 101, 41st Cong., 2d Sess., 16 Stat. 198, 214; Act of Jan. 6, 1897, ch. 4, 54th Cong., 2d Sess., 29 Stat. 481, 482.

Congress first included language, in a statute protecting dramatic compositions, which suggested that an alternative remedy to monetary damages might be awarded.[42] Particularly, this revision permitted "the court" to enforce just remedies through "an action on the case *or other equivalent remedy.*"[43]

In 1909, in expanding the copyright laws, Congress for the first time specifically provided for statutory damages in lieu of actual damages and profits.[44] The relevant language of section 25(b) of the 1909 Act provided that a copyright plaintiff could recover

> [*I*]*n lieu of actual damages and profits*, such damages as to *the court* shall appear to be just, and assessing such damages as *the court* may, in its discretion, allow the amounts as hereinafter stated, but in the case of a newspaper reproduction of a copyrighted photograph, such damages shall not exceed the sum of [$200] nor be less than the sum of [$50], and such damages shall in no other case exceed the sum of [$5,000] nor be less than the sum of [$250].[45]

After the enlargement of the statute's scope, few courts directly addressed whether Congress intended to provide for the right to a jury based solely on its terms.[46] One of the few courts to do so was the Second Circuit in *Mail & Express v. Life Publishing Co.*[47] In interpreting the statutory damages provision 1909 Act, the *Mail & Express* Court noted that, "[w]hile the language of the provision

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42. Act of Aug. 18, 1856, ch. 169, 34th Cong., 1st Sess., 11 Stat. 138, 139.

43. *Id.* (emphasis added).

44. Act of Mar. 4, 1909, ch. 320, § 25(b), 60th Cong., 2d. Sess., 35 Stat. 1075, 1081 (later amended and codified at 17 U.S.C. § 101(b)(1976)).

45. *Id.* (emphasis added).

46. Respondent's Brief at 19-20, *Feltner* (No. 96-1768). *See* Mail & Express v. Life Publishing Co., 192 F. 899 (2nd Cir. 1912) (language permits jury to assess damages within prescribed amounts); Chapell & Co. v. Palermo Cafe Co., 249 F.2d 77 (1st Cir. 1957) (no right to jury when seeking "in lieu of" damages); Cayman Music Ltd. v. Reichenberger, 403 F. Supp. 794 (W.D. Wis. 1975) (no right to jury trial). *Id.*

47. Mail & Express v. Life Publishing Co., 192 F. 899 (2nd Cir. 1912). The Life Publishing Company brought this action for the infringement of articles and pictures contained in its periodicals. Mail & Express defended on the grounds that the copyright statute protected only the portions of the periodicals that were copyrightable. *Id.* Mail & Express reasoned that when a periodical contains articles or pictures submitted by persons who do not transfer their rights to the publisher, the periodical's copyright does not cover those submissions. *Id.* The jury in the lower court found that, in submitting the pictures and articles, the artists had sold their rights to the publisher. *Id.* Mail & Express appealed the judge's jury charge requiring the jury to award at least $250 in damages for each infringement. *Id.* Mail & Express argued that the trial judge could have taken the question of damages away from the jury and decide the damages himself because the statute did not specifically authorize the jury the right to award damages. *Id.* The Second Circuit upheld the trial judge's decision to direct the jury to assess the statutory damages because the statutory language did not require the judge to determine the damages himself. *Id.*

quoted is somewhat obscure, we do not think that by the use of the word 'court' it is required that the judge acting by himself shall assess the damages when a case is presented calling for an award under the minimum damage clause."[48] The court held that the better interpretation would allow for a jury determination of these damages within the prescribed limitations.[49]

The Second Circuit continued in this vein in *Arnstein v. Porter*,[50] an action to recover damages for the infringement of musical composition copyrights and wrongful use of musical titles.[51] The court held that the plaintiff's claim, although founded solely upon the copyright statute, was specifically for money damages, not equitable relief, and, therefore, was an action at law.[52] The court reasoned that the statutory language did not remove the right to a jury trial on damages and found that when these actions had historically been tried before juries, this practice should continue.[53]

Although a few other decisions do conflict with those of the Second Circuit,[54] these came subsequent to the Supreme Court's ruling in *F.W. Woolworth Co. v. Contemporary Arts, Inc.*[55] In *Woolworth*, Contemporary Arts brought an action against Woolworth for infringement of the copyright of small sculptures and figurines.[56] The district court found that the copyright was valid and had been infringed and awarded the plaintiff statutory dam-

48. *Id.* at 901.

49. *Id.*

50. 154 F.2d 464 (2nd Cir. 1946).

51. *Arnstein*, 154 F.2d 464. In *Arnstein*, the plaintiff's complaint alleged copyright infringement of several musical compositions, infringement of his rights to other uncopyrighted musical compositions, and wrongful use of titles. *Id.* Plaintiff filed his complaint and demanded a jury trial. *Id.* Defendant denied ever hearing any of plaintiff's compositions or having any acquaintance with any persons said to have stolen them. *Id.* The court disagreed with defendant's argument that the relief requested in the complaint rendered a jury trial inappropriate. *Id.*

52. *Id.* at 468. Applying Rule 1 of the Rules of Practice to § 25 of the 1909 Copyright Act, the court noted that the "rules of equity practice, so far as they may be applicable, shall be enforced. . . . This did not eliminate a jury trial where plaintiff sought no equitable relief." *Id.* at 468 n.2.

53. *Id.* The court likened an action for monetary damages under the Copyright Act to an action for treble damages under the Sherman Act, which was similarly statutory in nature and triable as an action at law for which a jury trial was warranted. *Id.*

54. Respondent's Brief at 19-20, *Feltner* (No. 96-1268). *See* Chapell & Co. v. Palermo Cafe Co., 249 F.2d 77 (1st Cir. 1957); Cayman Music Ltd. v. Reichenberger, 403 F. Supp. 794 (W.D. Wis. 1975). *Id.*

55. 344 U.S. 228 (1952).

56. *Woolworth*, 344 U.S. at 229. Contemporary Arts produced cocker spaniel statuettes that were marketed mainly through gift and art shops. *Id.* Woolworth bought 127 dozen cocker spaniel statuettes from another source and distributed them through its stores. *Id.* Unbeknownst to Woolworth, the statuettes it had purchased were copied from Contemporary Arts' version. *Id.* By marketing the statuettes, Woolworth became an infringer. *Id.*

ages as provided for in the Act.[57] In reaching his decision, however, the trial judge excluded most of the testimony offered by Woolworth to limit the plaintiff's claim to actual damages. The judge deemed the testimony concerning actual damages unnecessary based on the authority granted to him by the statute to award statutory damages in lieu of actual damages.[58]

Woolworth appealed the award of statutory damages and the court of appeals affirmed.[59] The appellate court dismissed Woolworth's contention that its action of coming forward with "an undisputed admission of its own profit from the infringement," required the court to limit the plaintiff's recovery to that amount.[60] The appellate court reasoned that the language of the statute was developed to compensate the plaintiff in situations in which the rules of law render it difficult or impossible to prove damages or profits with certainty.[61] The Supreme Court granted certiorari to determine whether there had been an abuse of discretion.[62]

In affirming the decision of the court of appeals, the Supreme Court held that although the better practice would have been to allow the introduction of the testimony and weigh any evidence of actual damages, the phraseology of the statute (i.e., "the court" and "the court in its discretion") empowered a judge to award either actual damages upon sufficient facts or estimated statutory dam-

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57. *Id.* at 229. Section 25(b) of the Act of Mar. 4, 1909 provides, in relevant part:

> By the Act an infringer becomes liable . . . [t]o pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, and in proving profits the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims, *or in lieu of actual damages and profits, such damages as to the court shall appear to be just, and in assessing such damages the court may, in its discretion, allow the amounts as hereinafter stated . . . and such damages shall in no other case exceed the sum of $5,000 nor be less than the sum of $250, and shall not be regarded as a penalty[.]*

Id. (emphasis added)(citing § 25(b) of the Act of Mar. 4, 1909, ch. 320, § 25(b), 60th Cong., 2d. Sess., 35 Stat. 1075, 1081 (later amended and codified at 17 U.S.C. § 101(b)(1976)).

58. *Woolworth*, 344 U.S. at 229-30. For the court to award actual damages, the parties must establish two separate elements by sufficient factual evidence. *Id.* First, as provided in the statute, the copyright proprietor must prove the damages he sustained are a result of the infringement. *Id.* Second, the infringer must present the profits in order to assess liability. *Id.*

59. *Id.* at 229.

60. *Id.* at 231.

61. *Id.* (quoting Douglas v. Cunningham, 294 U.S. 207, 209 (1935)).

62. *Id.* at 229.

ages within the prescribed limits, whichever is more just.[63] Therefore, even when the elements for actual damages could not be established, the judge had the discretion, subject to the monetary range in the statute, to award damages.[64]

Only seven years after *Woolworth*, the Supreme Court decided *Beacon Theatres v. Westover*.[65] Fox West Coast Theatres, Inc., brought suit for alleged antitrust violations and the defendant, Beacon Theatres, sought by mandamus to require a district judge to vacate certain orders alleged to deprive it of a jury trial.[66] Believing the claims, including the question of competition between the two theatres, to be mainly equitable, the trial judge denied Beacon's request for a jury trial.[67] Beacon appealed, and the Court of Appeals for the Ninth Circuit refused the writ, holding that the trial judge had acted within his proper discretion in denying Beacon's request for a jury.[68]

Because it believes that "[m]aintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care," the Supreme Court granted certiorari.[69] Because the right to trial by jury applies to treble damage suits under the antitrust laws, and because the Sherman and Clayton Act issues on which Fox sought a declaration were essentially jury questions, the Supreme Court reversed.[70] In addition, the Court held that, provided that any legal issues are submitted in a timely manner and a jury is properly requested, the right to a jury trial can never be lost through the prior adjudication of equitable claims.[71]

Although these decisions provided the basis for arguments for and against the right to a jury, none firmly decided the issue. When

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63. *Woolworth*, 344 U.S. at 233-34 (emphasis added).

64. *Id.* at 233.

65. 359 U.S. 500 (1959). Although the *Beacon Theatres* decision did not directly interpret the statutory language to grant the right to a jury trial due to a mixture of both legal and equitable claims, it provided support for the right to a jury trial by holding that the right to a jury trial could never be waived when a copyright holder seeks equitable relief under the Act. *Id.*

66. *Beacon Theatres*, 359 U.S. at 501. Fox asked for declaratory relief against Beacon, alleging a controversy arising under the Sherman Antitrust Act and under the Clayton Act, which authorizes suits for treble damages against Sherman Act violators. *Id.*

67. *Id.* at 503.

68. 356 U.S. 956 (1958).

69. *Beacon Theatres*, 359 U.S. at 501 (quoting Dimick v. Schiedt, 293 U.S. 474, 486 (1939)).

70. *Id.*

71. *Id.*

Congress revised the Copyright Act in 1976, it left untouched the statutory damages provisions of 17 U.S.C. section 504(c)[72] and, as seen by the disparate decisions that followed the 1976 revisions, contrasting interpretations continued.[73] Although these decisions were divergent in their final holdings, with some courts refusing jury trials and others granting them, the courts were consistent in their conviction that the language of the Act did not, itself, grant the right to a jury trial.[74] Like the *Feltner* majority, they believed the issue to be a constitutional question.[75]

In *Tull v. United States*,[76] the Supreme Court held that "the determination of a civil penalty is not a fundamental element of a jury trial, and that the Seventh Amendment does not inherently require a jury trial for that purpose in a civil action."[77] At issue in *Tull* were the civil damages penalties associated with the Clean Water Act.[78] At the trial level, the district court denied Tull's timely demand for a jury trial in the Government's suit for relief under the Clean Water Act, imposed civil penalties, and granted injunctive relief.[79] The Court of Appeals affirmed, again rejecting Tull's argument that the Seventh Amendment preserved the right to a jury trial on the civil damages issue.[80] The Supreme Court granted certiorari to determine whether the Seventh Amendment guaranteed Tull the right to a jury trial on both liability and the amount of the penalty when the Government sought both civil penalties and injunctive relief under

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72. Petitioner's Brief, *supra* at 16. Specifically, 17 U.S.C. § 504(c) retained the language "the court" and "in its discretion" from the 1909 Act when awarding statutory damages in lieu of actual damages. *Id.* The notes and legislative reports from the 1976 revisions of the Act add nothing to clarify this issue:

> "1. As a general rule, where the plaintiff elects to recover statutory damages, the court is obliged to award between $250 and $10,000. It can exercise discretion in awarding an amount within that range but, unless one of the exceptions provided by clause (2) is applicable, it cannot make an award of less than $250 or of more than $10,000 if the copyright owner has chosen recovery under section 504(c)."

17 U.S.C.A. § 504 (1995), Historical and Statutory Notes (Notes of the Committee on the Judiciary, House Report No. 94-1476).

73. *See* cases cited, *supra* notes 14-15.

74. *Id.*

75. *Feltner*, 118 S. Ct. at 1283 n.4.

76. Tull v. United States, 481 U.S. 412 (1987).

77. *Tull*, 481 U.S. at 427.

78. *Id.* Section 1319(b) of the Clean Water Act authorizes injunctive relief against violators and section 1319(d) subjects them to a civil penalty not to exceed $10,000 per day. *Id.* at 412 (citing 33 U.S.C. §§ 1319(b) and (d)).

79. *Id.* at 414-15.

80. *Id.* at 416.

the Clean Water Act.[81] In examining the liability issue, the Court found that, although the nature of the relief sought was a mixture of equitable and legal remedies, the case was more analogous to suits tried before English courts of law than to equity actions and, therefore, was within the penumbra of the Seventh Amendment.[82] However, through an examination of the legislative history of the Clean Water Act, the Court found that, because Congress clearly intended for the trial judge to asses the civil penalties under the Act, there was no Seventh Amendment violation.[83] Therefore, the Seventh Amendment guarantees a party such as Tull the right to a jury determination of whether a violation exists but not as to the amount at which damages should be fixed.[84]

However, in cases in which statutory actions were analogous to those historically tried in courts of law, several decisions, including those of the Supreme Court in *Curtis v. Loether*[85] and *Granfinanciera, S.A. v. Nordberg*,[86] have interpreted the Seventh Amendment to award the right to a jury trial on damages. The *Curtis* case dealt with charges for violations of the fair housing provisions set forth in Title VIII of the Civil Rights Act of 1968.[87] At issue was whether either party was entitled to a jury trial on damages when the damages provision of Title VIII allowed for equitable and legal relief.[88]

In *Curtis*, the petitioner, an African-American woman, brought her action under section 812 of the Civil Rights Act, alleging that the respondents, who were white, had refused to rent an apartment to her because of her race in violation of section 804.[89] Her original complaint sought only injunctive relief and punitive damages; a claim for compensatory damages was later added.[90] Respondents made a timely demand for a jury trial in their answer, but the district court held that a jury trial was neither authorized by the Act nor required by the Seventh Amendment and denied the

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81. *Id.* at 414.

82. *Tull*, 481 U.S. at 418. This holding is consistent with that of *Beacon Theatres* where the court granted the right to a jury on the liability issue. *See supra* text accompanying note 67.

83. *Tull*, 481 U.S. at 425.

84. *Id.* at 427.

85. 415 U.S. 189 (1974).

86. Granfinanciera, S.A. v. Nordberg, 492 U.S. 33 (1989).

87. Curtis v. Loether, 415 U.S. 189 (1974); Civil Rights Act of 1968, §§ 801 *et seq.*, 42 U.S.C. §§ 3601 *et seq.* (1994).

88. *Curtis*, 415 U.S. at 190.

89. *Id.*

90. *Id.*

request.[91] The court of appeals reversed, deciding that the Seventh Amendment provides the right to a jury trial, and interpreted the language of Title VIII of the Act to authorize jury trials, thereby, avoiding any question of constitutionality.[92] In affirming the decision of the court of appeals, the Supreme Court found that the constitutional question could not be avoided from the language of the statute but held that, when a cognizable legal claim exists, even if combined with equitable relief, the Seventh Amendment guarantees the right to a jury determination of damages when requested by either party.[93]

In *Granfinanciera*, a bankruptcy trustee sued to recover an allegedly fraudulent money transfer from individuals who had not submitted a claim against the bankrupt estate.[94] The individuals claimed that the Seventh Amendment granted them a right to a jury trial, notwithstanding a statutory designation of fraudulent transfer actions as "core proceedings," which are triable by bankruptcy judges sitting without juries.[95] Relying on *Curtis*, the Court held that, although it was originally intended to preserve the right to a jury trial as it was known in 1791, the Seventh Amendment also applied to claims arising under statutes that parallel common law actions ordinarily decided in law courts in 18th century England as opposed to those heard by courts of equity.[96] Correspondingly, the *Feltner* decision recognizes the origins of copyright actions in courts of law and correctly observes those legal rights within the remedies requested.[97]

The Second Circuit's early interpretation of the damage provision in its *Mail & Express* decision, although not entirely unreasonable, appears to rely more on the history of liability determinations in copyright actions than on an analysis of the statutory language. The Second Circuit seemed to question itself in the close of its opinion, where, in reference to the trial judge's grant of a jury trial, it added, "if this is not the correct interpretation of the statute, we fail to see how the defendant was harmed by the action of the judge in this case."[98] Although the defendant was likely not

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91 *Id.* at 190-91.
92. *Id.* at 191.
93. *Curtis*, 415 U.S. at 196.
94. *Granfinanciera*, 492 U.S. at 36.
95. *Id.*
96. *Id.* at 41-42.
97. Feltner v. Columbia Pictures Television, Inc., 118 S. Ct. 1279 (1998).
98. Mail & Express Co. v. Life Publishing Co., 192 F. at 899, 901(2nd Cir. 1912).

harmed by a jury trial, the question remains whether the right was provided in the statute itself. Unlike the Supreme Court in *Feltner*, the Second Circuit failed to consider the section's surrounding provisions.

Through its review of the sections surrounding section 505(b), the *Feltner* majority rightly determined that a consistent interpretation of the term "the court" would require a judge to determine statutory damages.[99] Actual and statutory damages are exclusive of one another and one or the other may be selected by the copyright holder at any time before the entry of final judgment.[100] Equally important to the *Feltner* majority, therefore, was Congress' decision not to use the term "the court" in specific sections of the Act that address awards of actual damages.[101] This exclusion seems to evidence a Congressional intent to have a jury determine actual damages, whereas the inclusion of "the court" in the statutory damages provision indicates a preference for the judge to exercise his or her discretion in fixing statutory damages. Although in decisions handed down after the enactment of the 1976 revisions, the various circuits came to different conclusions, they were consistent in holding that the statute did not, itself, grant the right to a jury trial.[102] Congress had ample opportunity to review these judicial interpretations before enacting the 1988 and 1997 amendments to the Act; significantly, Congress made no changes to the provisions in question. In light thereof, the majority correctly reached the constitutional question.

In distinguishing the instant case from the constitutional discussion in *Tull*, the majority relied on the fact that "[n]othing in the language of the Clean Water Act or its legislative history implies

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99. *Feltner*, 118 S. Ct. at 1283-84. *See* 17 U.S.C. §§ 502, 503(a)-(b), 505 (leaving to the "court's" discretion equitable determinations, such as the granting of injunctions, impounding of copies, or imposition of full costs and attorney's fees—all functions of the judge). *Id.*

100. 17 U.S.C. § 504 (1995).

101. *Id.* Section 504(b), as follows, governs actual damages and profits and makes no mention of "the court" as judge of damages:

> The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

17 U.S.C. § 504(b).

102. *See* cases cited *supra* notes 14-15.

any congressional intent to grant defendants the right to a jury trial during the liability or penalty phase of the civil suit proceedings."[103] In *Tull*, because the Clean Water Act lacked any significant common law history and was purely statutory in creation, Congress could assign the penalties phase to the judge without infringing on the Seventh Amendment.[104] In contrast, substantial common law history supported the fact that juries had determined the amount of damages in copyright actions.[105]

Moreover, the *Feltner* Court dismissed as dicta the potentially sweeping language contained in the second half of the *Tull* decision.[106] After ruling on the liability issue, the *Tull* Court noted that "nothing in [the Seventh Amendment's] language suggests that the right to a jury trial extends to the remedy phase of a civil trial. And, the assessment of a civil penalty is not one of the 'most fundamental elements' required to involve the Seventh Amendment."[107] *Feltner* clarifies and narrows the *Tull* decision by focusing on *Tull*'s true issue: whether Congress could assign the damage determination to the judge where the action was purely statutory and not based on long-standing common law.[108] Because Congress may fix the civil penalties when creating the statute, it may also confer the right to determine the amount to the judge.[109] As noted above, the Copyright Act is clearly distinguishable from the Clean Water Act, because it is steeped in the common law, under which copyright actions were tried before juries.

In his concurrence in *Feltner*, Justice Scalia questioned the necessity of addressing the constitutionality of the statute and advanced his belief that the statute can be fairly read to provide for a jury trial without reaching the Seventh Amendment question.[110] It is, of course, possible from common definitions of the term "the court," to include both judge and jury in its meaning.[111] However, Justice Scalia did not propose reading this into the provision.[112] Instead, he relied on the language of the 1856 copyright statute,

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103. *Feltner*, 118 S. Ct. at 1288. *See* Tull v. United States, 481 U.S. at 417 n.3. (1987).
104. *Tull*, 481 U.S. 426-27.
105. *Feltner*, 118 S. Ct. at 1288.
106. *Id.* at 1287 n.8.
107. *Tull*, 481 U.S. at 426 n.9.
108. *Feltner*, 118 S. Ct. at 1288. *See Tull*, 481 U.S. at 426-27.
109. *Tull*, 481 U.S. at 426-27.
110. *Feltner*, 118 S. Ct. at 1288 (Scalia, J., concurring).
111. *Id.* at 1288 (Scalia, J., concurring) (citing Black's Law Dictionary 318 (5th ed. 1979) and Webster's New International Dictionary 611 (2d ed. 1949) for definitions of "court").
112. *Feltner*, 118 S. Ct. at 1289 (Scalia, J., concurring).

which provided for actions on the case or other equivalent remedies.[113]

Although Justice Scalia's argument is mindful of the Court's need to avoid constitutional questions when possible, his reliance on the language of the 1856 statute is curious. Although the language of the 1856 statute may have permitted juries to assess "other remedies," the specific language that provides for statutory damages in lieu of actual damages in the present Act was not first employed until the 1909 Copyright Act.[114] As such, the majority correctly focused its attention here. In addition, if the argument that the right to a jury trial should be read into section 504(c) solely on the basis of its language were to be made, one would be required to view the provision as separate and distinct from its surrounding sections, not unlike the analysis offered in the *Mail & Express* decision. Read in para materia, the Act clearly intends "the court" to mean "the judge" when the issue is the discretion to award equitable relief.[115]

In conclusion, the *Feltner* decision is correctly decided on the constitutional question. A court cannot read into the statute what is not provided. The Court rightly distinguished the instant case from *Tull*. Since the inception of copyright actions, juries in courts of law have consistently and appropriately determined damage awards and, thanks to the Court's decision in *Feltner*, the Seventh Amendment continues to protect this right.

P. Gavin Eastgate

113. *Id.* at 1289.

114. *See supra* note 46.

115. *Feltner*, 118 S. Ct. at 1283-84. For example, § 502 provides that the "court" may "grant temporary and final injunctions," § 503(a) allows "the court" to impound all infringing copies, § 503(b) permits "the court" to "order the destruction or other reasonable disposition" of all infringing copies, and § 505 provides that the "the court in its discretion may allow the recovery of full costs" of litigation and "the court may also award a reasonable attorney's fee." *Id.*